

## Rewald's CIA Link Established; FBI Takes Classified Documents

By Charles Memminger  
*Star-Bulletin Writer*

With acknowledgment by the U.S. Attorney's office yesterday that some "classified" documents were found in Bishop, Baldwin, Rewald, Dillingham & Wong's files, discussions have now changed from "whether" Ronald R. Rewald worked for the CIA to how extensive his involvement with the agency was.

U.S. Judge Martin Pence yesterday appointed an FBI agent with national security clearance to take custody of six packets of classified documents found by CIA and FBI agents who sifted through a mountain of records from the company.

Pence also ordered bankruptcy trustee Thomas Hayes to turn over any copies of a classified document "presently in his possession" and for Rewald's attorney, Brook Hart, to turn over any copies of classified material he might have.

Hayes said he would turn

over the document, which is a letter Rewald sent earlier this year to Jack Rardin, head of the CIA office here.

In the letter, Rewald asked that the CIA intervene in an Internal Revenue Service investigation of Rewald's tax liabilities, pointing out that the investigation would hurt Rewald's "cover," Hayes said.

HAYES SAID the letter was "something the CIA had obviously missed," when agents went through the files three weeks ago. Hayes found the letter after all of the records were returned to him. He gave the original letter to the CIA reviewing team on Aug. 24, he said, but kept a copy of it.

Hayes said he believes Rewald was merely a "bit player" for the CIA and that the company may have been used as a CIA "mail drop."

Rewald is under criminal investigation by the IRS, and a federal magistrate recently gave IRS investigators the power to

seize Rewald's financial records. Hayes said Rewald's CIA connection has nothing to do with the fact that he apparently misused millions of dollars of investors' money.

"There is nothing in the letter that would indicate any link between his role as a CIA mail drop and any of his activities involving investors," Hayes said yesterday.

Police sources who have been investigating Rewald and his bankrupt company also have said they suspect Rewald only had a minor role with the CIA, possibly passing information on to John Kindschi, the former head of the CIA office here who worked as one of Rewald's consultants after retiring.

BUT A FORMER consultant to Rewald, who asked not to be named because of possible pending litigation, said he believes Rewald had a more important role. He said classified informa-

Turn to Page A-6, Col. 1

## Israelis Choosing Begin's Successor

By Allyn Fisher

TEL AVIV, Israel (AP) — Deputy Prime Minister David Levy and Foreign Minister Yitzhak Shamir each claimed to be assured of victory today in balloting to succeed Menachem Begin, either candidate. In the past, he has preferred Shamir, 68, who was a comrade of Begin's in the underground fight for a Jewish state.

The leadership race was set in motion Tuesday when Begin said he was

## Lebanese Christians Leftists Massacre 24

By Terry A. Anderson

BEIRUT, Lebanon (AP) — Leftist Druse militiamen massacred 24 Christians in a central Lebanese village in retaliation for an army sweep of Moslem Shi'ite and Druse militia strongholds in western Beirut, police said today.

Beirut. They said 24 people were killed. The rightist Voice of Lebanon radio said 40 people were killed.

Voice of Lebanon, operated by the Christian Phalange Party, said the Druse militiamen, stonewalled the homes of the village's few remaining Christians and "butchered" about 40 elderly persons and children with knives, including the town's priest, Georges El-Rajeh, two residents survived. It police said the death toll was according to reports, they received.

Beirut radio stations said the area around Gemayel's palace in suburban Baabda and the Dillon's mansion at neighboring Yarze were shelled from Syrian-controlled mountaintops in central Lebanon but that neither was hit.

A SPOKESMAN at the Israeli army press center in Yarze, five miles east of Beirut, said there was no indication Dillon's mansion was a target. State radio said the shelling started when U.S. presidential envoy Robert C. McFarlane and Dillon were in conference with Gemayel at the presidential palace. Associated Press photographer Bill Foley said he saw six shells fall around the Lebanese Defense ministry compound in Yarze, which houses the army command. Foley said he could not tell if the main ministry building was hit.



**REHOUSE PRICES!**

By Walter Wright

Advertiser Staff Writer

The Central Intelligence Agency told a federal judge yesterday why Ronald Rewald's company had classified documents in its files and why they should be kept secret.

But the CIA's affidavit to the judge was itself classified, and the information was conveyed behind closed doors, so little new light was shed on the CIA's connection with Rewald's defunct investment firm.

U. S. District Court Judge Martin Pence ordered that the CIA could review copies of the documents again so it can elaborate on its claim that they must remain sealed in the interest of "national security."

The legal moves hinted that Pence may not be persuaded yet that all of the documents must remain secret, and wants a more detailed argument from the CIA.

Rewald, head of the defunct Bishop, Baldwin, Rewald, Dillingham & Wong investment firm, claimed to have an association with the CIA, but investigators have discounted his story.

When Rewald was recovering from a suicide attempt just before his company shut its doors

they had.

don  
chapman

Dun Chapman is on vacation.



Hawaii Report

The Honolulu Advertiser

\*\* Thursday, September 1, 1983 A-3